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Renewable
Northwest
Project

April 1, 2011

To: techforum@bpa.gov

RE: Environmental Redispatch Business Practice, Version 1:

General Comments:

Renewable Northwest Project (RNP) appreciates the opportunity to comment on BPA's Environmental Redispatch Business Practice, Version 1, posted March 18, 2011 ("business practice"). RNP views BPA's proposed "environmental redispatch" and the no negative pricing policies as the curtailment of non-federal generators for economic reasons and as such RNP is opposed to the draft Record Of Decision (ROD) and the positions underlying this business practice (please see RNP comments, March 11, 2011). When generators are redispatched--for any reason; economic, reliability, or otherwise--it is RNP's position that generators should be redispatched reliably and equitably. RNP has concerns about both the reliability and equitable application of the redispatch protocols described in the draft business practice. Our comments on this business practice should not be viewed in any way as support for the draft ROD. The details of this business practice actually increase and confirm our concerns about the discriminatory nature of the draft ROD. While RNP remains strongly opposed to BPA's draft ROD, we offer the following comments on this business practice.

Establishing Environmental Redispatch Minimum Generation Levels for Thermal Generators:

RNP is concerned that the draft business practice discriminates against Variable Energy Resources (VERs) by excluding their minimum generation concerns and by allowing non-reliability concerns to influence the minimum generation levels submitted by all other generators except VERs. The draft ROD states that BPA will first "... redispatch thermal generators to as low of a generating level as possible without threatening reliability..." and cites the examples of reactive stability, ancillary service obligations and future load obligations (p. 22). If non-reliability issues are allowed to limit the redispatch of all other generators except VERs, the business practice and the policy in general is discriminatory. Any foreseeable issue that can be avoided through investment in labor or operational equipment or that results in economic harm only to the party not taking reasonable action is not a reliability issue. For example, our understanding of take-or-pay gas supply contracts is that they are economic arrangements that do not directly impact reliability.

RNP does not agree with the business practice where it states “there are no minimum generation levels for Variable Energy Resources (VERs)...” Most wind turbines can only be feathered down to around fifty percent of their potential output before they reach a stall point and cutout completely. Moreover, under the broad definition of “minimum generation” in the business practice, which does not clearly distinguish between reliability and economics, VERs absolutely have minimum generation levels. For example, many VERs have Power Purchase Agreements (PPAs) that are typically subject to annual minimum output guarantees that could be violated by environmental redispatch, subjecting VERs to economic damages. VERs are the only generators for which this business practice explicitly precludes economic concerns as a condition for setting minimum generation levels. Higher minimum generation levels for other generators have the direct effect of exposing VERs to even greater economic harm under environmental redispatch.

If BPA does implement a version of this business practice, we suggest that BPA establish an objective method for accepting and rejecting stated minimum generation levels¹ based on a clear distinction between economic concerns and reliability constraints and that all generators should be treated equitably and transparently under such a method.

Notification that an Environmental Redispatch Event has Ended:

It is unclear from the business practice how BPA expects VERs to suddenly forecast a schedule and resume normal operations after an untold number of hours of redispatch and the plant operator not benefiting from the observation of actual wind generation. We are concerned this proposal raises new operational issues that are untested at the magnitude conceived of here. If BPA moves forward with this proposal, we believe that BPA should be more explicit in delineating these procedures and that the procedures should be tested prior to implementation. We also believe that, if this business practice is implemented, BPA is solely responsible for any unforeseen economic or reliability issues that result from the untested operational adjustments BPA is forcing generators to take.

Adjustments to Generation Imbalance Accounting During an Environmental Redispatch Event:

The draft business practice states, and RNP agrees, that if this business practice is implemented, BPA will need to excuse Generation Imbalance charges during redispatch events. As such, it is our understanding that the related Persistent Deviation charges would also not apply.

¹ The draft BP recognizes that “reasonable recovery time” is an appropriate factor to be considered when determining minimum generation levels. It is our understanding that how “reasonable” a recovery time actually is depends on how far in advance and for how long a generator is redispatched, down and back up again. A single minimum generation level for each generator may not accurately reflect the actual real-time minimum generation level given the details (visibility, notice, duration) of a particular over-generation event. BPA should require generators to provide a unique minimum generation level under different redispatch notice and duration scenarios.

Summary:

Consistent with the comments of many other utilities and independent energy producers, RNP views BPA's draft ROD and proposed business practice as an uncompensated taking of firm transmission capacity that is not permitted under BPA's interconnection or transmission agreements, BPA's enabling statutes, or federal energy policy. If implemented as written, this business practice reinforces the discriminatory nature of this policy. RNP urges BPA to withdraw its proposal and to work with its customers and stakeholders to develop a more equitable and sustainable approach to managing over-generation events.

Thank you for the opportunity to comment,

Cameron Yourkowski
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